



THE VOICE OF COLORADO'S CITIES AND TOWNS

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To: Interested Municipal Officials
From: Mark Radtke, Legislative and Policy Advocate
Date: September 15, 2010
Subject: Revenue loss from Propositions 101, Amendments 60 and 61

Proposition 101:

- Reduces specific ownership tax paid on vehicle registration to \$2 for new vehicles, \$1 a year thereafter. The loss of this property tax is estimated at \$500 million statewide for municipalities and other taxing districts.
- Reduces vehicle registration fee to a flat \$10. This ends one of the principal funding sources for the Highway Users Tax Fund – and will reduce the municipal share of HUTF by some \$45 million. Street maintenance dollars to cities and towns will decrease 38%.
- Eliminates sales tax on the first \$10,000 of a vehicle's value. Municipal sales tax averages about 3.5%. This will significantly reduce sales tax revenue.
- Eliminates sales tax on telecommunications services. This is another significant reduction in sales tax revenue – the primary source of revenue for municipalities.
- Cuts the state income tax by 25% - a loss of some \$1 billion for the state budget.

Amendment 60

- Cancels voter authorized property tax TABOR over-rides. TABOR authorizes voters to allow revenue generated above the TABOR limits to be retained and expended by municipalities. Many cities and towns have voter approved permanent or temporary over-rides.
- Future TABOR over-rides limited to four year period. If a future TABOR over-ride is approved – it can never be in effect for longer than four years.
- Authorities and enterprise funds must pay property tax – a corresponding mill levy reduction is required. Municipal services such as water, sewer, electrical utilities, recreation programs, will all have to pay property tax.
- Imposes a 10 year limit on any property tax increase approved by voters.
- Cuts school district mill levies in half – state required to backfill. This is the same state budget that was forced to cut school district funding by more than \$300 million this year.

Amendment 61

- Lowers capacity for municipal borrowing. Future debt limit would be set at 10% of real property assessed value.
- Allows only bond financing – with a ten-year maximum. This prohibits the long-term debt used for major projects such as wastewater treatment plants and libraries.
- Requires tax decrease to match debt payments upon completion of debt repayment. This would require a tax reduction even if the debt was repaid by project revenues and not tax dollars.
- No state government debt – period. What you have now for large state facilities is what you get.